

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGRE-00 COME-00 PA-02

PRS-01 USIA-15 TRSE-00 OMB-01 CIAE-00 INR-07 NSAE-00

/057 W

-----020057 093348 /66

R 011129Z MAR 77

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 4663

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY LONDON

AMCONSUL SAO PAULO

UNCLAS RIO DE JANEIRO 0956

DEPT PASS S&TP DIV FAS/USDA

E. O. 11652: N/A

TAGS: EAGR, BR

SUBJ: BRAZILIAN COFFEE DEVELOPMENTS

1. IBC PRESIDENT CALAZANS, ACCORDING TO BRAZILIAN PRESS REPORTS, HAS STATED THAT COFFEE PRICE INCREASES OVER THE PAST FEW DAYS HAVE BEEN CAUSED BY IMPORTERS WHO ARE FORCED TO BUY IN ORDER TO MEET CUSTOMER DEMAND. CALAZANS COMMENTED THAT AFTER HEAVY PURCHASES OF COFFEE LATE 1976, IMPORTERS WERE OUT OF THE MARKET IN JANUARY 1977 IN AN UNSUCCESSFUL ATTEMPT TO FORCE DOWN PRICES. THEN CAME THE COFFEE BOYCOTT CAMPAIGN FOLLOWED BY THE CONGRESSIONAL HEARINGS. CALAZANS CONCLUDED THAT THIS WHOLE MANEUVER HAS FAILED. THE SEVERE WINTER HAS FAVORED AN INCREASE OF COFFEE CONSUMPTION AND THE U.S. GOVERNMENT HAS RECOGNIZED THAT THE PRICE INCREASE IS DUE TO THE SHORTAGE OF THE PRODUCT. IMPORTERS MADE THE WRONG MOVE. IN JUNE 1976, THEY ALSO WERE OUT OF THE MARKET FOR THE SAME PURPOSE. ACCORDING TO CALAZANS, BRAZIL, THEN, THROUGH INTERBRAS, HAD TO BUY (COFFEE) IN THE FOREIGN MARKET TO AVOID A DROP IN

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PRICES. THIS TIME THIS WAS NOT EVEN NECESSARY.

2. CALAZANS PREDICTED THAT DURING 1977 COFFEE PRICES SHOULD CONTINUED THEIR UPWARD TREND, AND IF ALL SALES ARE MADE AT CURRENT PRICES, NOT EXCEEDING 12 MILLION BAGS, TOTAL EARNINGS FROM COFFEE EXPORTS WILL NEAR 4 BILLION DOLLARS. YESTERDAY, HE STATED, EXPORTERS REGISTERED OVER 400 THOUSAND BAGS FOR

EXPORT. BRAZIL MAY EXPORT MORE THAN 12 MILLION BAGS DURING 1977, BUT IN SUCH CASE IT WILL HAVE TO REDUCE ITS SALES DURING 1978. THE ESTIMATED THE 1977 CROP AT 14.8 MILLION BAGS AND EXPORTS AT 12 MILLION BAGS, WITH BRAZIL'S ENDING STOCKS ON DECEMBER 31, 1977 AT 17.4 MILLION BAGS, ONLY 17.3 MILLION BAGS IN PRIVATE HANDS AND ONE HUNDRED THOUSAND BAGS IN IBC STOCKS. THE STOCK POSITION ON JANUARY 31, 1977 WAS: 12.8 MILLION BAGS IN PRIVATE HANDS AND 6.3 MILLION BAGS OWNED BY IBC.

3. CALAZANS ESTIMATED THAT FEBRUARY EXPORTS WERE APPROXIMATELY 1.2 MILLION BAGS, BRINGING 1977 EXPORTS TO 2.9 MILLION (EARNING \$600 MILLION).
DEXTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: COFFEE, AGRICULTURAL PRODUCTION, PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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